

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO. _____</b>
<b>v.</b>	<b>:</b>	<b>DATE FILED: _____</b>
<b>FLEET MANAGEMENT, LTD.</b>	<b>:</b>	<b>VIOLATIONS:</b>
<b>PARAG RAJ GREWAL</b>	<b>:</b>	<b>18 U.S.C. § 371 (conspiracy - 1 count)</b>
<b>YEVGEN DYACHENKO</b>	<b>:</b>	<b>33 U.S.C. § 1908(a) (false oil record book - 1 count)</b>
	<b>:</b>	<b>18 U.S.C. § 1001 (false statements - 1 count)</b>
	<b>:</b>	<b>18 U.S.C. §§ 1505 and 1515(b) (obstruction - 3 counts)</b>
	<b>:</b>	<b>18 U.S.C. § 2 (aiding and abetting)</b>

**INDICTMENT**

**COUNT ONE**

**THE GRAND JURY CHARGES THAT:**

At all times material to this indictment:

**The Participants and the Ship**

1. Defendant FLEET MANAGEMENT, LTD. ("FLEET") was a business headquartered in Hong Kong, with offices worldwide. FLEET operated and managed a large and growing fleet of commercial vessels, including the VALPARAISO STAR. The VALPARAISO STAR was a Liberian-flagged, 9,867-ton refrigerated cargo ship which carried products such as fruits and vegetables from South America to the United States and Europe. The vessel was 17 years old.

2. Defendant PARAG RAJ GREWAL was the Master, also known as Captain, of the VALPARAISO STAR. Defendant GREWAL was hired by defendant FLEET as Chief Officer of the VALPARAISO STAR on or about June 15, 2006. On or about July 27, 2006, defendant GREWAL became Captain of the VALPARAISO STAR. Defendant Captain GREWAL was responsible for every individual on the VALPARAISO STAR and provided direct supervision of the vessel's main operations and navigation. Defendant Captain GREWAL provided direction and orders to all officers, engineers and crew, including the chief officer and chief engineer on the VALPARAISO STAR.

3. Defendant YEVGEN DYACHENKO boarded the vessel as an experienced Chief Engineer on or about November 13, 2006. Defendant DYACHENKO was responsible for managing and supervising the engine department, including subordinate engine department crew members, the Second Engineer, two Third Engineers, three Motormen, and other ordinary Seamen.

4. Unindicted co-conspirator A.S. boarded the vessel on or about July 26, 2006 and was the Chief Officer of the VALPARAISO STAR. As Chief Officer, A.S. was second in rank only to the Captain, and was in charge of the deck crew and the entire crew's welfare and training in areas such as firefighting, safety, and search and rescue.

5. The VALPARAISO STAR used a full-time crew to operate the ship and monitor engine room operations. The main engine of the ship was housed in the engine room. The engine room crew worked in three pairs. Each pair consisted of one duty engineer and one motorman. The three pairs rotated in four hour shifts, maintaining engine operations twenty-four hours a day. Engine room crew members recorded the ship's activities in various logs, including

the Daily Tank Sounding Log.

6. The operation of large marine vessels like the VALPARAISO STAR generated large quantities of oil-contaminated sludge, mostly during the process of purifying fuel oil. Oil-contaminated sludge was stored on board the vessel in a sludge tank.

7. The operation of large marine vessels like the VALPARAISO STAR generated large quantities of oily waste water, also known as bilge waste. The bottom of the vessel was known as the bilges. A vessel's engine department operations generated large quantities of oil-contaminated bilge waste when bilge water mixed in the bottom of the vessel with oil leaked and dripped from the engines' lubrication and fuel systems, as well as from other machinery.

8. On large marine vessels like the VALPARAISO STAR, the oil-contaminated bilge waste was collected, stored, and processed to separate the water from the oil and other wastes using a pollution prevention control device known as an Oily Water Separator ("OWS"). The OWS had oil-sensing device known as an Oil Content Meter. The Oil Content Meter was designed to evaluate the oil content in a sample of the effluent after passing through the OWS. If the Oil Content Meter determined that the oil content of the effluent exceeds 15 parts per million ("ppm"), then it would sound an audio and visual alarm and a solenoid three-way valve would be triggered to redirect the effluent to a storage tank aboard the vessel. If the Oil Content Meter determined that the oil content in the effluent was less than 15 ppm, then it could be discharged overboard.

9. The OWS on board the VALPARAISO STAR was used to process a small portion of the vessel's oil-contaminated bilge waste. The OWS could not process oil-

contaminated sludge. Unlike many vessels of similar size, the VALPARAISO STAR did not have an incinerator to burn oil-contaminated sludge. During 2006, the VALPARAISO STAR processed oil-contaminated sludge and oil-contaminated bilge waste primarily by off-loading excess volumes at various ports, which cost money and required time.

10. On or about November 7, 2006, the VALPARAISO STAR departed from the Port of Tampa, Florida. From there, the vessel traveled to Central America; through the Panama Canal to Europe; from Europe through the Panama Canal to Chile; and from Chile through the Panama Canal to the Port of Philadelphia. The vessel arrived in the Port of Philadelphia on or about January 23, 2007. The vessel did not pay to off-load any oily wastes in Philadelphia.

### **The Regulatory Program**

11. The United States was part of an international treaty, the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 or the MARPOL Protocol (“MARPOL”) that set forth the international standards for the maximum concentration of oil permitted to be discharged overboard from vessels.

12. MARPOL was implemented in the United States by the Act to Prevent Pollution from Ships (“APPS”), 33 U.S.C. §§ 1901 et seq. The regulations promulgated under the authority of APPS applied to all non-military vessels, including vessels operating under the authority of a country other than the United States, when these vessels were operating in United States waters or while at a port or terminal under the jurisdiction of the United States. 33 C.F.R. § 151.09.

13. Consistent with the requirements contained in MARPOL, these APPS

regulations required that each vessel of more than 400 gross tons maintain a record known as an Oil Record Book (“ORB”). Federal regulations also required that internal transfers of oil, the disposal of sludge and waste oil, and all discharges of water from bilge tanks, be fully and accurately recorded in this ORB by the person in charge of the operations. 33 C.F.R. § 151.25(d). The ORB must also record any emergency, accidental, or other exceptional discharges of oil or mixtures. 33 C.F.R. § 151.25(g). The ORB must be maintained on board the vessel for not less than three years, and be readily available for inspection at all reasonable times. 33 C.F.R. § 151.25(k).

14. On the VALPARAISO STAR, defendant Chief Engineer YEVGEN DYACHENKO was responsible for entries made into the Oil Record Book regarding the movement and any overboard discharge of oily waste. Defendant Captain PARAG RAJ GREWAL was responsible for countersigning the Oil Record Book.

15. Under the APPS regulations, any discharge of bilge waste overboard could not exceed 15 ppm of oil. 33 C.F.R. § 151.05.

16. The United States Coast Guard was an agency with the Department of Homeland Security, charged with enforcing the laws of the United States. The United States Coast Guard was empowered under 14 U.S.C. § 89(a) to board vessels, and conduct inspections and investigations of potential violations. The United States Coast Guard was authorized to examine the vessel’s ORB to determine, among other things, whether the vessel had operable pollution prevention equipment and appropriate procedures, whether it posed any danger to United States ports and waters, and whether the vessel had discharged any oil or oily mixtures in violation of MARPOL, APPS, or any applicable federal regulations. 33 C.F.R. §§ 151.23(a)(3)

and (c). If the United States Coast Guard found evidence that a vessel was not in substantial compliance with MARPOL or APPS, the United States Coast Guard was empowered to deny a vessel's entry to a United States Port or detain a vessel until it determined that the vessel did not present an unreasonable threat to the marine environment. 33 C.F.R. §§ 151.07(b) and 151.25(b).

17. Defendant Captain PARAG RAJ GREWAL and defendant Chief Engineer YEVGEN DYACHENKO were responsible for assuring that the VALPARAISO STAR operated in compliance with MARPOL and APPS.

### **THE CONSPIRACY**

18. Beginning not later than on or about November 18, 2006, and continuing through on or about April 3, 2007, in the Eastern District of Pennsylvania, in the navigable waters of the United States, and elsewhere, defendants

### **FLEET MANAGEMENT, LTD., PARAG RAJ GREWAL, and YEVGEN DYACHENKO**

conspired and agreed, together and with others known and unknown to the grand jury, to commit offenses against the United States, that is:

a) to knowingly fail to maintain for presentation and inspection an Oil Record Book on the VALPARAISO STAR that fully and accurately recorded all internal transfers and discharges of oil-contaminated bilge water and oil-contaminated sludge, in violation of the Act to Prevent Pollution from Ships, Title 33, United States Code, Section 1908(a), and Title 33, Code of Federal Regulations, Sections 151.25(a) and (h); and

b) to corruptly influence, obstruct and impede, and endeavor to influence, obstruct, and impede the due and proper administration of the law under a pending proceeding by the United States Coast Guard and the Department of Homeland Security during a vessel inspection of the VALPARAISO STAR, and later proceedings, to determine that vessel's compliance with international treaty and the laws of the United States, in violation of Title 18, United States Code, Sections 1505 and 1515(b).

### **THE MANNER AND MEANS OF THE CONSPIRACY**

It was part of the conspiracy that:

19. Defendant Chief Engineer YEVGEN DYACHENKO discharged and caused the discharge of oil-contaminated sludge directly into the ocean from the VALPARAISO STAR.

20. The engine room crew of the VALPARAISO STAR fitted and maintained a hose to transfer oil-contaminated sludge from the sludge tank directly overboard while at sea.

21. To hide their illegal acts, the engine room crew of the VALPARAISO STAR identified and used a secret hiding place for the hose.

22. Defendant Chief Engineer YEVGEN DYACHENKO and unindicted co-conspirator S.B. discharged and caused the discharge of oil-contaminated bilge waste directly from the bilge wells into the ocean from the VALPARAISO STAR.

23. Defendant Chief Engineer YEVGEN DYACHENKO discharged and caused the discharge of oil-contaminated bilge waste from a holding tank directly into the ocean from the VALPARAISO STAR.

24. Defendant Chief Engineer YEVGEN DYACHENKO, defendant Captain

PARAG RAJ GREWAL, and co-conspirator S.B. failed to record and cause others to record these illegal discharges in the vessel's Oil Record Book.

25. Defendant Chief Engineer YEVGEN DYACHENKO maintained a false and misleading Oil Record Book for the VALPARAISO STAR.

26. Defendants Captain PARAG RAJ GREWAL and Chief Engineer YEVGEN DYACHENKO directed that a crew member, known to the grand jury as "G.S.," who disobeyed defendant DYACHENKO's illegal order to hook up a flexible hose for the purpose of discharging sludge directly overboard into the ocean, be terminated from employment with defendant FLEET. Defendant FLEET terminated G.S.

27. In the Port of Philadelphia, defendants Captain PARAG RAJ GREWAL and Chief Engineer YEVGEN DYACHENKO and their co-conspirators maintained, used, and presented, and caused to be presented, and made available for inspection, to the United States Coast Guard, a false Oil Record Book which contained material omissions and false representations, for the purpose of concealing from the United States Coast Guard and other authorities that the VALPARAISO STAR was discharging untreated oil-contaminated sludge and oil-contaminated bilge waste directly overboard into the ocean, and to create the false impression that the crew of the VALPARAISO STAR was properly handling oil-contaminated sludge and oil-contaminated bilge waste.

28. Defendants FLEET, Captain PARAG RAJ GREWAL, Chief Engineer YEVGEN DYACHENKO, and co-conspirator A.S. provided misleading statements to United States Coast Guard investigators, and influenced and attempted to influence other crew members to mislead United States Coast Guard investigators about the dumping of oil-contaminated



sludge and oil-contaminated bilge waste from the VALPARAISO STAR into the sea, and to conceal material facts about the system used to perform overboard discharges of oil-contaminated sludge and oil-contaminated bilge waste.

### **OVERT ACTS**

In furtherance of this conspiracy and to effect its objects, defendants FLEET MANAGEMENT LTD., INC., Captain PARAG RAJ GREWAL, and Chief Engineer YEVGEN DYACHENKO, and other co-conspirators, both known and unknown to the grand jury, committed and caused to be committed, the following overt acts within the Eastern District of Pennsylvania, in the navigable waters of the United States, and elsewhere:

1. On or about November 18, 2006, defendant Chief Engineer YEVGEN DYACHENKO ordered that entries in the Daily Tank Sounding Log be maintained in pencil.
2. During the voyages that took place between on or about November 23, 2006 and on or about January 23, 2007, the VALPARAISO STAR crew, manipulating the pumps and valves associated with the internal, hard-piped bilge/ballast system, also known as the emergency de-watering system, discharged oil-contaminated bilge waste from the VALPARAISO STAR's bilge holding wells directly into the ocean. These discharges were not recorded in the Oil Record Book.
3. Between on or about December 22, 2006 and on or about January 2, 2007, a crew member of the VALPARAISO STAR constructed two four-bolt flange fittings to a flexible hose, making it capable of carrying oil-contaminated sludge from the sludge tank to the boiler blow-down valve on the outside hull of the vessel.
4. On or about January 14 and on or about January 15, 2007, lower level

engineers and other engine-room crew members connected the four bolt flanges and the flexible hose between the sludge tank and the ship's outside hull. The crew then used a pump to pull untreated oil-contaminated sludge from the vessel's sludge tank, and discharge oil-contaminated sludge directly into the ocean. This discharge was not recorded in the Oil Record Book.

5. On or about January 14 and on or about January 15, 2007, engineers and crew members of the VALPARAISO STAR discharged oil-contaminated waste from the bilge holding tank directly into the ocean. These discharges were not recorded in the Oil Record Book.

6. Between on or about December 16, 2006, and January 23, 2007, defendant Chief Engineer YEVGEN DYACHENKO knowingly maintained an Oil Record Book on the VALPARAISO STAR which failed to record the discharge of oil-contaminated sludge and oil-contaminated bilge wastes into the ocean.

7. On or about January 23, 2007, while in the Port of Philadelphia, defendant Chief Engineer YEVGEN DYACHENKO maintained a false Oil Record Book on board the vessel and made the Oil Record Book available for inspection by United States Coast Guard officials.

8. On or about January 24, 2007, co-conspirator Chief Officer A. S. communicated with the crew member known to the grand jury as "G.S." to pressure G.S. into retracting G.S.'s truthful statement to United States Coast Guard investigators. G.S.'s statement to the United States Coast Guard detailed MARPOL violations by the defendants.

9. On or about January 27, 2007, co-conspirator Chief Officer A.S. created a handwritten statement on letterhead of defendant FLEET, falsely stating the purpose of his meeting with G.S. on January 24, 2007, and falsely stating that G.S. told A.S. that G.S. was

going to “teach the Chief Engineer a good lesson” by making sure the Chief Engineer went to jail.

10. On or about February 24, 2007, defendant Captain PARAG RAJ GREWAL went to the hotel room of G.S. and suggested that G.S. retract his truthful statement to investigators of the United States Coast Guard.

11. On or about March 29, 2007, a representative of defendant FLEET, who is a person known to the grand jury as Captain A.K., went to the hotel room of G.S. to pressure G.S. to retract his truthful statement to United States Coast Guard investigators which detailed MARPOL violations by the defendants, by saying that G.S. should convince the Coast Guard that nothing happened, and explain that his original statement was not true and was made because G.S. was angry.

12. On or about March 30, 2007, a representative of defendant FLEET drove defendant Captain PARAG RAJ GREWAL to the hotel room of G.S. for a meeting.

13. On or about March 30, 2007, defendant Captain PARAG RAJ GREWAL suggested that G.S. retract his truthful statement to investigators of the United States Coast Guard. Defendant Captain GREWAL told G.S. that his statement must be taken back. Defendant Captain GREWAL told G.S. that G.S. could explain that G.S. was angry when he made his original statement. Defendant Captain GREWAL told G.S. that GREWAL would guarantee to provide G.S. with a job and a bonus if G.S. retracted his statement.

14. On or about April 2, 2007, defendant Captain PARAG RAJ GREWAL contacted G.S. and warned him not to tell anyone about their conversation of March 30, 2007.

All in violation of Title 18, United States Code, Section 371.

## **COUNT TWO**

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. The allegations of paragraphs 1 through 17 of Count One of this indictment are realleged here.
2. On or about January 24, 2007, in the Eastern District of Pennsylvania, and in the navigable waters of the United States and elsewhere, defendants

#### **FLEET MANAGEMENT, LTD., and YEVGEN DYACHENKO**

knowingly failed to maintain an accurate Oil Record Book for the VALPARAISO STAR, in which all unprocessed overboard discharges of oil-contaminated sludge and oil-contaminated bilge wastes were required to be fully recorded, but which omitted the following:

- a) the use of the bilge/ballast overboard piping system to discharge oil-contaminated bilge waste between on or about November 23, 2006 and January 23, 2007; and
- b) the discharge of oil-contaminated sludge and oil-contaminated bilge waste while en route from Chile to the United States on or about January 15, 2007.

In violation of Title 33, United States Code, Section 1908(a), Title 18, United States Code, Section 2, and Title 33, Code of Federal Regulations, Section 151.25.

**COUNT THREE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. The allegations of paragraphs 1 through 17 of Count One of this indictment are realleged here.
2. On or about January 24, 2007, in the Eastern District of Pennsylvania, and elsewhere, defendants

**FLEET MANAGEMENT, LTD., and  
YEVGEN DYACHENKO,**

in a manner within the jurisdiction of the United States Coast Guard and Department of Homeland Security, an agency of the executive branch of the United States, knowingly and willfully made and used materially false writings and documents, that is, Oil Record Book entries for the VALPARAISO STAR during the period of on or about November 23, 2006 through on or about January 23, 2007, which defendants knew contained materially false, fictitious, and fraudulent statements, representations and omissions about quantities of oil-contaminated waste discharged overboard the VALPARAISO STAR.

In violation of Title 18, United States Code, Section 1001.

#### **COUNT FOUR**

##### **THE GRAND JURY FURTHER CHARGES THAT:**

1. The allegations of paragraphs 1 through 17 of Count One of this indictment are realleged here.

2. On or about March 29, 2007, in the Eastern District of Pennsylvania, and elsewhere, defendant

##### **FLEET MANAGEMENT, LTD.,**

corruptly endeavored to influence, obstruct and impede the due and proper administration of the law under which a proceeding was pending before a department or agency of the United States, that is, knowing that the United States Coast Guard was investigating the vessel VALPARAISO STAR, defendant corruptly attempted to influence witness G.S. by sending a person known to the grand jury as A.K. to pressure G.S. to retract his truthful statement to United States Coast Guard investigators which detailed MARPOL violations by the defendants, by saying that G.S. should convince the Coast Guard that nothing happened and explain that his original statement was not true and was made because G.S. was angry.

In violation of Title 18, United States Code, Sections 1505, 1515(b) and 2.

**COUNT FIVE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. The allegations of paragraphs 1 through 17 of Count One of this indictment are realleged here.

2. On or about March 30, 2007, in the Eastern District of Pennsylvania, defendants

**FLEET MANAGEMENT, LTD. and  
PARAG RAJ GREWAL**

corruptly endeavored to influence, obstruct and impede the due and proper administration of the law under which a proceeding was pending before a department or agency of the United States, that is, knowing that the United States Coast Guard was investigating the vessel VALPARAISO STAR, defendants corruptly attempted to influence witness G.S. by pressuring G.S. to retract his truthful statement to United States Coast Guard investigators which detailed MARPOL violations by the defendants, by saying that G.S. should take back his statement, explain that his original statement was not true and was made because G.S. was angry, by promising G.S. a bonus and job security if G.S. completed these acts, and by the use of threatening and intimidating language.

In violation of Title 18, United States Code, Sections 1505, 1515(b) and 2.

**COUNT SIX**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. The allegations of paragraphs 1 through 17 of Count One of this indictment are realleged here.

2. On or about April 2, 2007, in the Eastern District of Pennsylvania, defendant

**PARAG RAJ GREWAL**

corruptly endeavored to influence, obstruct and impede the due and proper administration of the law under which a proceeding was pending before a department or agency of the United States, that is, knowing that the United States Coast Guard was investigating the vessel VALPARAISO STAR, defendant corruptly attempted to influence witness G.S. by pressuring G.S. to retract his truthful statement to United States Coast Guard investigators which detailed MARPOL violations by the defendants, saying that G.S. should take back his statement, explain that his



original statement was not true and was made because G.S. was angry, by promising G.S. a bonus and job security if G.S. completed these acts, and by the use of intimidating language.

In violation of Title 18, United States Code, Sections 1505, and 1515(b).

**A TRUE BILL:**

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**FOREPERSON**

**ENVIRONMENT AND NATURAL RESOURCES DIVISION**  
**Environmental Crimes Section**

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**PATRICK MEEHAN**  
**United States Attorney**  
**Eastern District of Pennsylvania**